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NEWS RELEASE

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FOR RELEASE May 16, 2019

Auditor of State Rob Sand today released a report on a special investigation of the City of Westfield for the period January 1, 2013 through September 30, 2017. The special investigation was requested by City officials as a result of concerns regarding certain financial transactions processed by the former City Clerk, Angela Sorensen.

Sand reported the special investigation identified \$39,970.00 of estimated undeposited collections, \$28,060.30 of improper disbursements, and \$6,163.46 of unsupported disbursements. The undeposited collections identified are comprised of the estimated customer utility payments received in cash. The \$28,060.30 of improper disbursements identified includes:

- \$13,679.15 of excess gross wages issued to Ms. Sorensen and the City's share of FICA and IPERS for the excess gross wages,
- \$4,272.58 of unauthorized checks issued to Ms. Sorensen,
- \$657.45 of improper reimbursements issued to Ms. Sorensen,
- \$6,333.12 of improper vendor payments, and
- \$3,118.00 of checks redeemed for cash and cash withdrawals.

The \$6,163.46 of unsupported disbursements identified includes:

- \$5,428.39 of vendor payments,
- a \$320.00 cash withdrawal,
- \$248.95 of reimbursements issued to Ms. Sorensen, and
- \$166.12 of reimbursements issued to a former Water Maintenance employee.

Sand also reported it was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because adequate documentation was not available.

The report includes recommendations to strengthen the City's internal controls, such as improvements to segregation of duties, ensuring sufficient supporting documentation is maintained for all disbursements, performing utility reconciliations, and eliminating the use of a debit card for City purchases.

Copies of this report have been filed with the Plymouth County Sheriff's Office, the Division of Criminal Investigation, the Plymouth County Attorney's Office, and the Attorney General's Office. A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT ON SPECIAL INVESTIGATION
OF THE
CITY OF WESTFIELD
FOR THE PERIOD
JANUARY 1, 2013 THROUGH SEPTEMBER 30, 2017**

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Auditor of State's Report

To the Honorable Mayor and
Members of the City Council:

As a result of concerns identified regarding certain financial transactions processed by the former City Clerk and at your request, we have applied certain tests and procedures to selected financial transactions of the City for the period January 1, 2013 through September 30, 2017. Based on a review of relevant information and discussions with City officials and personnel, we performed the following procedures.

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in the City's checking account and the Playground and Ball Field (Ball Field) account to identify any unusual activity.
- (3) Examined certain deposits to the City's checking account and the Ball Field account to determine the source, purpose, and propriety of each deposit.
- (4) Compared collections recorded in the City's utility accounting system to bank deposits to determine if all collections were properly deposited.
- (5) Scanned images of redeemed checks issued from the City's checking account and the Ball Field account for reasonableness. We examined supporting documentation for selected disbursements to determine if they were properly approved, supported by adequate documentation, and appropriate for the City's operations.
- (6) Examined information obtained directly from vendors for certain disbursements to determine if purchases were appropriate for City operations.
- (7) Examined payroll disbursements to the former City Clerk, Angela Sorensen, and a former Water Maintenance employee to determine if payments were properly approved, properly supported, and the amount and frequency of the payments were reasonable.
- (8) Examined reimbursements to Ms. Sorensen and a former Water Maintenance employee to determine if the payments were for appropriate purposes, properly approved, and supported by adequate documentation.
- (9) Confirmed payments to the City by the State of Iowa to determine if they were properly deposited to the City's checking account in a timely manner.
- (10) Reviewed available City Council meeting minutes to identify significant actions and to determine if certain payments were properly approved.
- (11) Obtained and reviewed Ms. Sorensen's personal bank statements to identify the source of certain deposits. We also reviewed images of redeemed checks from the accounts to determine if any payments were made to the City.
- (12) Interviewed Ms. Sorensen to obtain an understanding of how she carried out her job duties and attempted to obtain explanations for certain disbursements and collections.

These procedures identified \$39,970.00 of estimated undeposited utility collections, \$28,060.30 of improper disbursements, and \$6,163.46 of unsupported disbursements. We were unable to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited because adequate documentation was not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the City of Westfield, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Plymouth County Sheriff's Office, the Division of Criminal Investigation, the Plymouth County Attorney's Office, and the Attorney General's Office.

We would like to acknowledge the assistance extended to us by officials and personnel of the City of Westfield during the course of our investigation.

A handwritten signature in black ink, appearing to read "Rob Sand", is positioned above the printed name and title.

ROB SAND
Auditor of State

January 9, 2019

City of Westfield
Investigative Summary

Background Information

The City of Westfield (City) is located in Plymouth County and has a population of approximately 130. The City employs a City Clerk who is responsible for the business operations of the City. The City also previously employed a part-time Water Maintenance employee who was responsible for reading water meters, making repairs to the water/sewer system, mowing, and trimming. Angela Olson began employment with the City as the City Clerk on May 25, 2013. During the period of our investigation, Ms. Olson's last name changed to Sorensen, which we will use for the remainder of this report. As the City Clerk, Ms. Sorensen was responsible for the following functions:

- Receipts – collecting receipts, posting all collections to the accounting records, and preparing and making bank deposits;
- Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the accounting records;
- Payroll – calculating payroll amounts, preparing, signing, and distributing checks, posting payments to the accounting records, and filing required payroll reports;
- Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records, and preparing and making bank deposits;
- Bank accounts – receiving and reconciling monthly bank statements to accounting records; and
- Reporting – preparing City Council meeting minutes and financial reports, including monthly City Clerk reports and the Annual Financial Reports.

According to City officials, typical hours at City Hall were from 10:00 a.m. to 3:00 p.m. Monday through Friday. According to the Mayor, Ms. Sorensen was hired as a part-time employee and was originally expected to work 24 to 30 hours per week and attend all City Council meetings. However, the Mayor further stated Ms. Sorensen's hours were changed to 25 hours per week in City Hall after a meeting held with a City Council member and the City's attorney on June 19, 2017. Ms. Sorensen was paid an hourly rate established and approved by the City Council. During our interview with Ms. Sorensen, she stated she may have had limited reimbursements for expenses incurred on behalf of the City, but only for small office supplies purchases.

The City's primary revenue sources include local option sales tax and road use tax from the State of Iowa and property tax collected by Plymouth County and remitted to the City. The City receives payments from the State and County electronically. Revenue is also received from customers for water, sewer, electric, and garbage services. Utility payments and other payments are collected through the mail or in person at City Hall. Ms. Sorensen did not consistently prepare receipts for collections or record the collections on an initial receipts listing.

According to City officials and Ms. Sorensen, the City's Water Maintenance employee usually read the utility meters; however, Ms. Sorensen occasionally performed this duty, including reading the utility meters at her personal residence. Ms. Sorensen was responsible for calculating, printing, and mailing the utility bills. However, utility reconciliations were not prepared.

All City disbursements, including payroll, are to be made by check. All disbursements are to be supported by invoices or other documentation obtained by or submitted to the City Clerk. Each

month, the City Clerk is to prepare a listing of bills to be paid and provide the listing to the City Council for approval. After the City Council approves the bills, the City Clerk prepares and signs the checks. During the period of our investigation, the redeemed checks did not contain a countersignature. According to the Mayor, subsequent to his election, Ms. Sorensen did not obtain his countersignature for City checks because she felt he was not always readily available.

The City established a primary checking account used for most City operations and also held 2 certificates of deposit (CDs). In addition, Ms. Sorensen established a separate bank account, the "Westfield Playground and Ball Field Fund" (Ball Field), to be used to raise funds for the purchase of new playground equipment and improvements to the City's ball field used for youth tee-ball each June. During our review of bank statements, we determined a debit card was opened for both the City's checking account and the Ball Field account. However, according to the City officials we spoke with, they were not aware debit cards were established on either account, and the debit cards were not authorized.

According to City officials, Ms. Sorensen requested the City make improvements to the ball fields, but the City did not have funds to do so. As a result, Ms. Sorensen established the Ball Field account without the City's knowledge and solicited donations from citizens and businesses in the community. According to an individual we spoke with, although she was approached about participating on a committee for the account and listed on the Ball Field account, the committee never convened and she never received any information from Ms. Sorensen regarding the financial transactions in the Ball Field account. Ms. Sorensen was responsible for accepting and depositing all donations and purchasing supplies for the concession stand during tee-ball season.

Based on discussions with City officials and review of certain newspaper articles, Ms. Sorensen accepted donations in her role as City Clerk on behalf of the City, and the ball fields are the property of the City. As a result, this account should have been recorded on the City's accounting system, and all disbursements should have been approved by the City Council.

The monthly bank statements for the City's checking account are mailed directly to City Hall and opened by the City Clerk. According to the Mayor, the monthly statements and related images of redeemed checks were not periodically reviewed by members of the City Council or the Mayor while Ms. Sorensen was the City Clerk. The Mayor also stated bank reconciliations were not performed during Ms. Sorensen's time as City Clerk.

On November 23, 2015, the interior of the City Hall building, a significant portion of the City's financial records, and Ms. Sorensen's computer were destroyed by a fire which was reported around 10:00pm. The fire was investigated but the results were inconclusive. As a result of the fire, Ms. Sorensen was unable to work from City Hall for approximately a year. During that time, she either worked from home or the local Community Center. According to the City officials we spoke with, in response to any requests for supporting documentation after the fire, Ms. Sorensen stated the requested documentation was destroyed. However, during our initial visit to the City, we observed financial records stored at City Hall dated through 2012.

Subsequent to the fire, Ms. Sorensen began scanning all invoices and receipts and maintaining the City's supporting documentation electronically. However, according to Ms. Sorensen, her computer was infected with a virus in the spring of 2017 resulting in a complete loss of the City's financial data, including all scanned supporting documentation. In addition, Ms. Sorensen stated she destroyed the original documents after they were scanned into the computer.

According to the Mayor, he also began requesting Ms. Sorensen prepare timesheets and provide monthly financial reports to the City Council in the spring of 2017. However, the Mayor stated Ms. Sorensen responded that his requests would be a significant amount of additional work to add to her existing job duties. In addition, the City Council received a letter dated April 20, 2017 from the owner of a local business summarizing concerns regarding the calculation of State and

local sales tax on the business' monthly utility bill. The Mayor subsequently contacted the City's attorney to discuss his concerns, and she advised the City contact the Office of Auditor of State.

On May 23, 2017, the Mayor contacted our Office regarding his concerns and requested we schedule an unannounced field visit at City Hall. As a result, a surprise visit was scheduled for Wednesday, July 19, 2017. Ms. Sorensen was at City Hall when we arrived. However, all requests for supporting documentation were met with the explanation that all financial records were lost during a fire in November 2015. When we asked for supporting documentation for financial transactions occurring after November 2015, Ms. Sorensen explained all records were maintained electronically but were lost as the result of a computer virus.

We asked Ms. Sorensen about the circumstances surrounding the fire, and she explained it started at the edge of her desk. Because all hard copy financial records for the most recent 5 years were stored in her desk, all physical supporting documentation was destroyed. We asked if the City had a backup for the accounting system on an external hard drive or through the City's software provider. However, Ms. Sorensen stated an electrical problem caused a short in the external hard drive and none of the data was recoverable.

On Tuesday, July 25, 2017, we sent an e-mail to Ms. Sorensen at City Hall to obtain additional information. She responded to our inquiry on Friday, July 28, 2017 and also indicated she had been out ill the entire week. In addition, according to the City officials we spoke with, Ms. Sorensen missed an entire week of work in early August 2017. As a result of that absence, the Mayor sent a text message to Ms. Sorensen on August 16, 2017 to place her on unpaid administrative leave pending a special City Council meeting to discuss her employment status with the City. Ms. Sorensen responded with a text message asking the reason for her suspension. However, when the Mayor did not respond, she sent a text message containing her resignation effective August 21, 2017.

As a result of the concerns identified, the Office of Auditor of State was requested to review the City's financial records. We performed the procedures detailed in the Auditor of State's Report for the period January 1, 2013 through September 30, 2017.

Detailed Findings

The procedures performed identified \$39,970.00 of estimated undeposited utility collections, \$28,060.30 of improper disbursements, and \$6,163.46 of unsupported disbursements. The undeposited collections identified are comprised of the estimated customer utility payments received in cash.

The \$28,060.30 of improper disbursements identified includes:

- \$13,679.15 of excess gross wages issued to Ms. Sorensen and the City's share of FICA and IPERS for the excess gross wages,
- \$4,272.58 of unauthorized checks issued to Ms. Sorensen,
- \$657.45 of improper reimbursements issued to Ms. Sorensen,
- \$6,333.12 of improper vendor payments, and
- \$3,118.00 of checks redeemed for cash and cash withdrawals.

The \$6,163.46 of unsupported disbursements identified includes:

- \$5,428.39 of vendor payments,
- a \$320.00 cash withdrawal,
- \$248.95 of reimbursements issued to Ms. Sorensen, and
- \$166.12 of reimbursements issued to a former Water Maintenance employee.

Because supporting documentation was not available for all transactions, it was not possible to determine if additional amounts were improperly disbursed or if additional collections were not properly deposited. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

On December 18, 2017, we conducted an interview with Ms. Sorensen. However, during the interview, she stated her memory had been affected by a medical emergency, and she was not able to recall specifics of her time as City Clerk.

UNDEPOSITED COLLECTIONS

Utility Collections

We reviewed the deposits to the City's checking account to identify any unusual activity. However, we were unable to locate any collection records for the period of our investigation in the City's records, including utilities. In addition, we were unable to locate sufficient supporting documentation for meter readings or utility usage, utility billings, or collection of utility payments. As a result, we scheduled the deposits made to the City's checking account and analyzed their composition. Our analysis identified concerns regarding undeposited cash collections.

As previously stated, Ms. Sorensen had primary responsibility for preparing utility billings, collecting payments, recording payments in the accounting system for each customer, and preparing and making deposits. According to the City officials we spoke with, utility billings are paid with both cash and check, and the same customers consistently paid in cash from month to month. However, Ms. Sorensen either did not issue receipts or receipts could no longer be found in the City's records.

Using the deposit slips with the City's bank statements, we identified total cash deposits made during the 5 months prior to Ms. Sorensen's employment, the 51 months of her employment, and the 2 months immediately following her employment. **Table 1** summarizes the total cash deposits identified and the average monthly cash deposits for each period reviewed from January 1, 2013 through October 31, 2017. The deposits by month and the composition of the deposits are listed in **Exhibit B**. As illustrated by the **Exhibit**, cash deposits were made on a regular basis during the months immediately preceding and following Ms. Sorensen's employment. However, during Ms. Sorensen's employment, we determined no cash deposits were made to the City's checking account for 25 of the 51 months Ms. Sorensen held the position of City Clerk.

Table 1			
Date Range	Number of Months	Total Cash Deposits	Average Monthly Cash Deposits
01/01/13 – 05/31/13	5	\$ 5,614.75	1,122.95
06/01/13 – 08/31/17	51	20,152.49	395.15
09/01/17 – 10/31/17	2	2,637.30	1,318.65
Total		<u>\$ 28,404.54</u>	

As illustrated by the **Table**, the cash deposits for the 5 months prior to Ms. Sorensen's employment averaged \$1,122.95 per month. However, for the 51 months of Ms. Sorensen's employment, cash deposits averaged only \$395.15 per month, a decrease of approximately 65%. Cash deposits for the 2 months immediately following Ms. Sorensen's employment increased to an average of \$1,318.65 per month, which is fairly consistent with the average for the 5 months prior to Ms. Sorensen's employment.

Using the total cash deposits summarized in **Table 1**, we calculated an average monthly cash deposit of \$1,178.86 for the 7 months surrounding Ms. Sorensen's employment. We used this calculated monthly average to estimate undeposited collections as summarized in **Table 2**. First, we multiplied the calculated monthly average of \$1,178.86 by the 51 months Ms. Sorensen served as City Clerk to estimate expected cash collections during her tenure. The amount of expected cash collections was then compared to the actual cash deposits made by Ms. Sorensen, resulting in estimated undeposited collections of \$39,970.00. The \$39,970.00 of estimated undeposited collections is included in **Exhibit A**.

Table 2	
Description	Amount
Calculated monthly average	\$ 1,178.86
Multiplied by: Number of months Ms. Sorensen was employed	51
Calculated expected cash collections	60,121.86
Less: Actual cash deposits	20,152.49
Undeposited collections	\$ 39,969.37
Rounded undeposited collections	\$ 39,970.00

We reviewed deposits to Ms. Sorensen's personal bank account for the period May 25, 2013 through August 21, 2017 to determine the makeup of selected deposits. We identified 89 instances totaling \$47,810.00 where cash was deposited to Ms. Sorensen's personal bank account. Of the 89 deposits, all were deposited within 7 days of a deposit made into the City's checking account. Specifically, \$31,710.00 of the cash deposits made to Ms. Sorensen's personal bank account were dated the same date or within a day of a deposit made to the City's checking account.

We also reviewed Ms. Sorensen's bank statements for January 1, 2013 through May 24, 2013 and August 22, 2017 through September 30, 2017. We determined there were only 4 cash deposits to Ms. Sorensen's personal bank account during the months immediately preceding and following her employment with the City totaling \$526.00.

Other Collections

As previously stated, Ms. Sorensen established a Ball Field account to be used to raise funds for equipment and improvements. However, Ms. Sorensen did not maintain a listing of receipts or donations made to the Ball Field account, and no other records of the donations received could be located in the City's records. As a result, we are unable to determine if all donations received were properly deposited in the Ball Field account.

Also, as previously stated, the City's primary revenue sources include taxes from the State of Iowa and Plymouth County. We confirmed the amounts the City received from the State and scanned the City's bank statements for the amounts the City received from the County to determine if collections were properly deposited. We did not identify any concerns regarding the collections received from the State or the County.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

As previously stated, the City established a primary checking account used for most City operations and also held 2 CDs. In addition, Ms. Sorensen established a separate bank account for the Ball Field. Also as previously stated, all City disbursements are to be made by check. However, Ms. Sorensen opened a debit card for each bank account, which were not authorized or known according to the City officials we spoke with. We reviewed all disbursements and

redeemed checks from the City's checking account and the Ball Field account for the period January 1, 2013 through September 30, 2017.

Using the available supporting documentation, information obtained from selected vendors, internet searches, discussions with City officials, approved disbursement listings, and the vendor, frequency and amount of the payments, we classified payments as improper, unsupported, or reasonable.

Disbursements were classified as improper if they were personal in nature or not necessary or reasonable for operations of the City. Disbursements were classified as unsupported if appropriate documentation was not available or it was not possible to determine if the disbursement was related to City operations or was personal in nature. Other disbursements were classified as reasonable if it appeared they were for City operations based on available supporting documentation, discussions with the Mayor and current City Clerk, and/or the vendor, frequency and amount of the payments.

The improper and unsupported disbursements identified in the City and Ball Field bank accounts are explained in detail in the following paragraphs.

Checks Issued to Angela Sorensen

Ms. Sorensen was to be paid on the 1st of each month for the prior month's work. According to the Mayor, Ms. Sorensen was paid hourly and expected to work 24 to 30 hours per week. In addition, Ms. Sorensen stated there were occasions where she was reimbursed for supplies purchased for the City, but it was not a regular occurrence. As part of her duties, Ms. Sorensen prepared the payroll and signed all checks.

Unauthorized Checks – As City Clerk, Ms. Sorensen was to prepare the monthly payroll using the employee's timesheets and the employee's hourly rate. Although City employees are required to prepare timesheets, we determined they were not prepared on a consistent basis and/or could not be located in the City's records. Ms. Sorensen recorded each employee's hours and other relevant payroll information, such as the IPERS rates, FICA rates, and approved hourly pay rates, in a spreadsheet and manually calculated each individual's gross and net wages. Payroll checks were printed using the City's printer and signed by Ms. Sorensen. During the period of our review, we determined certain payroll checks were countersigned by the Mayor, but others were not.

Ms. Sorensen was to include the payroll by individual on the claims listings presented to the City Council for approval each month. However, for the months for which claims listings were available, we determined either the amount listed did not agree with the check amount or payroll was not included on the claims listings. In addition, we observed numerous instances where Ms. Sorensen issued the payroll checks on a date other than the 1st of the month. In some instances, the payroll checks were issued prior to the end of the month for the payment was for.

As previously stated, Ms. Sorensen was hired May 25, 2013 and resigned via text message on August 21, 2017. Her final paycheck was for a total of 70.5 hours and covered the period August 1, 2017 through August 21, 2017. Because payroll checks were to be issued at the beginning of the month for the prior month, Ms. Sorensen should have received a total of 51 payroll checks. However, during our review of the images of redeemed checks from the City's checking account, we determined Ms. Sorensen received 54 checks totaling \$77,993.58.

Based on our review of the redeemed checks and check amounts, it appears the amount of Ms. Sorensen's payroll for July 2013 was split and 2 consecutive check numbers were issued. As a result, these 2 checks were considered as a single payroll check for purposes of analyzing frequency. However, we determined the remaining 2 additional checks issued, totaling \$4,272.58,

were improper payroll checks. Both checks were signed by Ms. Sorensen, but only 1 of the 2 checks was countersigned by the Mayor. Specifically, we identified the following:

- Check #13818 was issued June 18, 2014 for \$2,250.82. However, check #13800 issued June 5, 2014 for \$1,046.63 was for the month of May 2014, and check #13823 issued July 2, 2014 for \$1,086.02 was for the month of June 2014.
- Check #14361 was issued April 29, 2016 for \$2,021.76. However, check #14339 issued April 4, 2016 for \$2,021.76 was for the month of March 2016, and check #14363 issued May 3, 2016 for \$1797.12 was for the month of April 2016.

The \$4,272.58 of unauthorized checks identified is included in **Exhibit A** as improper disbursements. Because it does not appear the 2 unauthorized checks identified were processed through payroll, the City did not incur the employer's share for FICA and IPERS for these payments.

Unauthorized Hours – As previously stated, Ms. Sorensen was expected to work 24-30 hours per week for the period May 25, 2013 through May 31, 2017. Effective June 1, 2017, the City Council approved revising her expected work hours to 25 hours per week. Based on a review of available City Council meeting minutes and discussions with City officials, Ms. Sorensen was not authorized to work any additional hours in excess of the 25 or 30 hours approved by the City Council for the periods specified. Based on available supporting documentation, Ms. Sorensen's hourly rate was \$13.00 for the period May 25, 2013 through December 31, 2016. Effective January 1, 2017, the City Council approved increasing her hourly rate to \$15.00 for the remaining period of her employment with the City. According to the Mayor, Ms. Sorensen was expected to complete a timesheet each month; however, prior to June 2017, the City Council did not request or review timesheets for Ms. Sorensen.

In order to determine if Ms. Sorensen paid herself for hours in excess of her authorized hours, we calculated her authorized gross wages using the approved hourly rate and the number of hours she was expected to work each week. To be conservative, for the period May 25, 2013 through May 31, 2017, we used 30 hours per week, which was the maximum number of hours Ms. Sorensen was authorized to work. Because complete payroll records could not be located, we did not have documentation of the gross amount of each payroll check Ms. Sorensen received. As a result, for these checks, we recalculated Ms. Sorensen's actual gross wages using the net amount of her payroll checks and the FICA and IPERS rates. Based on a review of a payroll summary prepared by Ms. Sorensen, her only deductions were FICA and IPERS.

We compared the calculated authorized gross wages to the recalculated actual gross wages and identified 20 payroll checks issued to Ms. Sorensen for which the actual gross wages exceeded her authorized gross wages, resulting in an overpayment of \$11,733.70. We also identified several instances at the beginning of Ms. Sorensen's employment where her actual gross wages were less than the calculated authorized gross wages. However, because timesheets could not be located in the City's records, we did not classify those differences as underpayments because Ms. Sorensen may have worked fewer hours for those months.

Each of Ms. Sorensen's payroll checks are listed in **Exhibit C**, and the \$11,733.70 of overpayments identified is included in **Exhibit A** as improper disbursements. In addition to the improper gross wages, the City incurred the employer's share of FICA and IPERS contributions for the improper gross wages, which total \$897.63 and \$1,047.82, respectively. The \$1,945.45 of additional FICA and IPERS contributions incurred by the City is also included in **Exhibit A** as improper disbursements.

Reimbursements – As previously stated, Ms. Sorensen stated she may have received limited reimbursements for expenses incurred on behalf of the City, but only for small office supplies purchases and not on a regular basis. We determined Ms. Sorensen issued herself 9 reimbursement checks totaling \$906.40. However, we were unable to locate supporting

documentation for any of the 10 reimbursements in the City's records. **Table 3** lists the reimbursement checks Ms. Sorensen issued to herself. Because Ms. Sorensen stated any reimbursements received were for small office supplies purchases, we classified the larger reimbursements as improper. Based on the size of the City's operations, large reimbursements to city clerks for supplies would be very unusual. Because we were unable to determine what, if anything, was purchased for the City for the smaller reimbursements, we classified those payments as unsupported.

Table 3				
Per Check Image				
Check Date	Check Number	Check Amount	Improper	Unsupported
06/10/13	13541	\$ 43.51	-	43.51
06/30/13	13570	53.49	-	53.49
09/10/13	13620	12.73	-	12.73
12/02/13	13680	63.39	-	63.39
04/15/14	13777	257.60	257.60	-
09/21/14	13883	42.50	-	42.50
09/22/15	14101	110.00	110.00	-
04/26/17	14548	289.85	289.85	-
06/29/17	14597	33.33	-	33.33
Total		\$ 906.40	657.45	248.95

As illustrated by the **Table**, of the 9 reimbursements issued to Ms. Sorensen, we classified 3 reimbursements totaling \$657.45 as improper and 6 reimbursements totaling \$248.95 as unsupported. The improper and unsupported reimbursements of \$657.45 and \$248.95, respectively, are included in **Exhibit A**.

Reimbursements Issued to a Former Water Maintenance Employee

According to the City officials we spoke with, Water Maintenance employees are eligible to receive reimbursement for the purchase of supplies on behalf of the City. During the period of our investigation, we determined the part-time Water Maintenance employee received 4 reimbursement totaling \$166.12. **Table 4** lists the reimbursement checks identified.

Table 4		
Per Check Image		
Date	Number	Amount
09/10/13	13613	\$ 10.37
04/07/14	13767	13.90
04/15/14	13775	71.84
10/16/14	13660	70.01
Total		\$ 166.12

We were unable to locate supporting documentation for any of the reimbursements listed in the **Table**. In addition, none of the checks listed were included on a claims listing approved by the City Council. Because supporting documentation could not be located and the reimbursements were not approved, the \$166.12 of reimbursements summarized in the **Table** is included in **Exhibit A** as unsupported disbursements.

Payments to Vendors

City's Checking Account – As previously stated, we reviewed all disbursements and redeemed checks from the City's checking account for the period January 1, 2013 through September 30, 2017. Because supporting documentation was not readily available for all disbursements, we obtained additional information directly from Walmart and Sam's Club to determine if the items purchased were reasonable for City operations or personal in nature. Walmart was unable to provide information for purchases made prior to May 20, 2015. As illustrated by **Exhibit D**, the disbursements to Walmart prior to this date were classified as unsupported because sufficient information was not available to determine what was purchased.

Exhibit D lists the payments to certain vendors identified as improper, unsupported, or partially improper or unsupported. As shown by the **Exhibit**, we identified \$885.91 and \$2,702.46 of improper and unsupported disbursements, respectively. The improper disbursements identified include:

- 5 debit card transactions to Sam's Club totaling \$688.83 for a Samsung television, membership fees, groceries, and clothing.
- a check for \$100.00 issued to Hy-Vee May 30, 2013 for which no supporting documentation was maintained in the City's records. Based on discussions with City officials, it was not reasonable for the City to have any business with this vendor.

As previously stated, disbursements for which appropriate documentation was not available or it was not possible to determine if the purchase was related to City operations or personal in nature were classified as unsupported, including:

- 7 debit card transactions and a check issued to Walmart totaling \$739.00,
- 4 debit card transactions and a check issued Staples totaling \$578.13,
- 3 debit card transactions to Home Depot totaling \$338.09, and
- 2 debit card transactions and a check issued to Best Buy totaling \$683.41.

The \$885.91 and \$2,702.46 of improper and unsupported disbursements, respectively, are included in **Exhibit A**.

Ball Field Account – As previously stated, we reviewed all disbursements and redeemed checks from the Ball Field account for the period January 1, 2013 through September 30, 2017. The City's tee-ball league held games each June, and a concession stand was operated during games. We classified purchases of snack foods, soda, and other beverages made during the months of April to June as unsupported because we were unable to determine if these purchases were for the concession stand or were personal in nature. However, purchases of such items outside of those months were classified as improper.

Because supporting documentation was not readily available for all disbursements, we obtained additional information directly from Walmart and Sam's Club to determine if the items purchased were reasonable for City operations or personal in nature. Walmart was unable to provide information for purchases made prior to May 20, 2015. As illustrated by **Exhibit E**, the disbursements to Walmart prior to this date were classified as unsupported if they occurred between April and June and improper for all other months.

Exhibit E lists all payments to vendors from the Ball Field account. As shown by the **Exhibit**, we identified \$5,447.21 and \$2,725.93 of improper and unsupported disbursements, respectively. The improper disbursements identified include:

- 8 debit card transactions and a check issued to Walmart totaling \$1,170.25 for a 50-inch television, groceries, a winter emergency kit, an auto safety kit, an iTunes gift card multi-pack, make up, body and face wash, women's clothing, a blanket, and a small desk.
- 4 debit card transactions to Verizon Wireless totaling \$877.18. According to the City officials we spoke with, the City did not provide cell phones or directly pay monthly cell phone bills for City employees.
- 4 debit card transactions to Sam's Club totaling \$589.21 for membership fees, unleaded gasoline, an iTunes gift card, a wireless mouse and a laptop.
- a debit card transaction to Coach, a retail vendor which sells purses, billfolds, and other accessories, totaling \$707.28.
- a debit card transaction to Jared Galleria, a retail jewelry store, totaling \$689.00.
- a check issued to Poppin' Bottles & Brushes, a paint and sip art studio, totaling \$656.25.

The unsupported disbursements include:

- a debit card transaction to Carolan Rental & Fun Center, a retail vendor for outdoor games, tents, and grilling equipment, totaling \$1,610.87.
- 3 debit card transactions at Sam's Club totaling \$816.97 for soda, Gatorade, water, juice boxes, popcorn, hot dogs, trash bags, and a first aid kit. Because these purchases were in May and June, we classified them as unsupported.

The \$5,447.21 and \$2,725.93 of improper and unsupported disbursements, respectively, are included in **Exhibit A**.

Checks Redeemed for Cash and Cash Withdrawals

During our review of disbursements from the Ball Field account, we identified 2 cash withdrawals and 4 checks issued to cash or redeemed for cash totaling \$3,438.00. These disbursements, which were made between August 22, 2014 and July 20, 2016, were issued or authorized by Ms. Sorensen. According to the City officials we spoke with, the City was not to operate in cash, and we were unable to locate any supporting documentation for the checks issued to cash. However, a small amount of cash was used as a change fund for the concession stand at the tee-ball games. **Table 5** summarizes the cash withdrawals and checks issued to cash or redeemed for cash.

Table 5

Check Date	Check Number	Description per Bank Statement	Improper	Unsupported
08/22/14	2002	Cash	\$ 300.00	-
10/14/14	2003	CASH	300.00	-
10/18/14	2004		1,418.00	-
11/12/14	2006	Cash	600.00	-
06/01/16	CW		-	320.00
07/20/16	CW		500.00	-
Total			\$ 3,118.00	320.00

CW – Represents a cash withdrawal.

As illustrated by the **Table**, of the \$3,438.00 identified, \$3,118.00 was classified as improper. However, because the \$320.00 cash withdrawal made on June 1, 2016 was at the beginning of tee-ball season, it was classified as unsupported. The \$3,118.00 and \$320.00 of improper and unsupported cash withdrawals or checks redeemed for cash, respectively, are included in **Exhibit A**.

OTHER ADMINISTRATIVE ISSUES

Public Purpose – During our review of disbursements, we identified 6 payments to vendors which may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 because the public benefits to be derived were not clearly documented, including:

- 2 purchases at Things Remembered totaling \$395.90 for retirement gifts. Although the City does not have a written policy addressing retirement gifts for employees, it is common practice for the City to provide a retirement gift to City employees. Because the City does not have a written policy, we compared the purchase amount of each disbursement to the State’s policy limiting such purchases to \$75.00 for reasonableness. As a result, we determined the total of the purchases exceeded the State’s allowable maximum by \$245.90.
- 2 purchases at Larson Design Boutique totaling \$98.44 for floral arrangements.
- a donation to the Akron Fire Fighters Association totaling \$50.00.
- a purchase at Hummer’s Roadhouse totaling \$44.50 for pizza for volunteers.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Utility Sales Tax – As previously stated, the City Council received a letter from the owner of a local business in April 2017 summarizing concerns regarding the calculation of State and local sales taxes on the business’ monthly utility bill. Although complete utility records could not be located in the City’s records, we were able to locate 23 months’ utility billings for the local business submitting the concern. Based on a review of the utility billings for those 23 months, we determined prior to the fire at City Hall in November 2015 State and local sales tax was not properly applied to garbage collection. However, subsequent to the fire, State and local sales tax was not properly applied to sewer usage, electric usage, or garbage collection. Because State and local sales taxes were not properly calculated on any of the 23 monthly utility bills we reviewed, we determined the local business was underbilled \$174.59 for those months.

We also located the December 2015 monthly utility billing for a different local business and determined State and local sales tax was not properly applied to either electric usage or garbage collection, resulting in an underbilling of \$2.76 for that month.

As a result of these incorrect State and local sales tax calculations, the City did not collect or remit the appropriate amount to the Iowa Department of Revenue. Because sufficient utility records could not be located in the City’s records, we are unable to determine the number of utility accounts or the number of months for which State and local sales taxes were not properly calculated.

City Council Meeting Minutes – We attempted to review the City Council meeting minutes for the period January 1, 2013 through September 30, 2017; however, meeting minutes could not be located for 40 of the 57 months. For the 17 months for which meeting minutes could be located, we determined 17 of the 18 meeting minutes reviewed (2 meetings held in February 2017) were not properly signed in accordance with section 380.7 of the *Code of Iowa*. In addition, we identified a meeting held in April 2017 where the City Council entered into closed session without

properly documenting the specific reason or including an affirmative roll call of two-thirds of the City Council as required by section 21.5 of the *Code*.

City Council Oversight – City officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the City’s operations and maintain the public trust. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity. Based on our review, we determined the City officials did not provide sufficient oversight of the City’s financial transactions and did not:

- Properly review payroll supporting documentation prior to issuance.
- Compare the bill listings to supporting documentation and checks.
- Require and maintain original, itemized receipts for all disbursements, including employee reimbursements, and review the supporting documentation to ensure the public purpose of the disbursements.
- Review the City’s bank statements.
- Review bank reconciliations.
- Require and review utility reconciliations.

Had City officials developed and implemented policies and procedures to segregate duties, review monthly bank statements and reconciliations, and review supporting documentation, City officials may have identified undeposited utility collections and improper disbursements earlier. In addition, the implementation of controls may have reduced the opportunity for the City’s funds to be improperly disbursed or not properly deposited.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the City of Westfield to perform bank reconciliations and process receipts, disbursements, and payroll. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be identified within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the City’s internal controls.

- A. **Segregation of Duties** – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former City Clerk had control over each of the following areas:
- (1) Receipts – collecting, posting to the accounting records, and preparing and making bank deposits,
 - (2) Disbursements – making certain purchases, receiving certain goods and services, presenting disbursements to the City Council for approval, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the accounting records,
 - (3) Payroll – calculating payroll amounts, preparing, signing, and distributing checks, posting payments to the accounting records, and filing required payroll reports,
 - (4) Utility billings – preparing and mailing billings, receipting and depositing collections, posting collections to customer accounts and accounting records, and preparing and making bank deposits,

- (5) Bank accounts – receiving and reconciling monthly bank statements to accounting records, and
- (6) Reporting – preparing City Council meeting minutes and financial reports, including monthly City Clerk reports and the Annual Financial Reports.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the City Clerk, the Mayor, and City Council members. In addition, the Mayor and City Council members should review financial records, perform reconciliations, and examine supporting documentation for accounting records on a periodic basis.

Bank statements should be delivered to and reviewed by an official who does not collect or disburse City funds, and bank reconciliations should be performed on a monthly basis.

- B. Payroll – The City Clerk was originally authorized to work 24 to 30 hour per week. However, the City Council approved revising the City Clerk’s authorized hours to 25 hours per week effective June 1, 2017. In addition, City employees were required to complete timesheets and submit them for approval. During our review of payroll, we identified the following:

- Ms. Sorensen issued herself 2 unauthorized checks totaling \$4,272.58.
- Ms. Sorensen paid herself \$11,733.70 for hours in excess of the maximum number of hours authorized by the City Council.
- The City Clerk did not maintain timesheets prior to June 2017.

Recommendation – City officials should implement procedures to ensure appropriate payroll records are maintained. City officials should also periodically review payroll records to ensure payroll is calculated properly. In addition, the City Council, or a designated member who is familiar with the City Clerk’s actions, should review and approve the City Clerk’s timesheet for each pay period. The review and approval should be documented by the signature or initials of the reviewer and the date of approval.

- C. Ball Field Account – The former City Clerk established a separate bank account to be used to raise funds for the purchase of new playground equipment and improvements to the City’s ball field without the City Council’s knowledge or authorization. The disbursements from this account were not presented to the City Council for approval, and several of the disbursements were not reasonable for the purposes of the account.

Recommendation – City officials should implement procedures to periodically review and ensure unauthorized bank accounts are not separately established. Should a separate bank account be established, the City Council should determine who established the account and the reason for the account in order to determine whether the related financial transactions should be integrated with the City’s accounting records in the City Clerk’s office. If so, the activity in the account should be subject to City Council review and approval and should be included in the City’s budget process.

- D. Debit Card – We identified numerous purchases made with a debit card from both the City’s checking account and the Ball Field account. However, the former City Clerk was not authorized to open a debit card on either account, and the purchases were not supported by adequate documentation. In addition, because purchases made using a debit card are an immediate payment, they do not allow for proper authorization by the City Council.

Recommendation – The City Council should implement procedures requiring all City obligations be paid by check and properly supported with original invoices, receipts, or

other appropriate documentation. In addition, City officials should remove the debit card capabilities to ensure disbursements cannot be automatically deducted from the City's checking account.

E. Disbursements – During our review of the City's disbursements, the following were identified:

- (1) Disbursements were not always supported by invoices or other documentation.
- (2) Not all disbursements were approved by the City Council.
- (3) A countersignature was not applied to City checks.
- (4) Certain disbursements were identified for which the public purpose was not clearly documented.

Recommendation – All City disbursements should be approved by the City Council prior to payment, with the exception of those specifically allowed by a City Council approved policy. For those disbursements paid prior to City Council approval, a listing should be provided to the City Council at the next City Council meeting for review and approval. In addition, the City Council should ensure all disbursements meet the test of public purpose. If public purpose is not clear, the City Council should document the public benefit through a City policy or through its approval as documented in the City Council meeting minutes.

To strengthen internal control, each check should be prepared and signed by one person and detailed supporting vouchers and invoices should be provided, along with the check, to an independent individual for review and countersignature.

F. Reconciliation of Utility Billings, Collections, and Delinquent Accounts – The former City Clerk had sole responsibility for preparing billings for the City's utilities. We determined reconciliations of utility billings and collections and delinquent accounts were not required, prepared, or reviewed by the City Council.

Recommendation – Procedures should be established to ensure utility billings are reconciled to subsequent collections and delinquent accounts for each billing period. The City Council, or an independent individual designated by the City Council, should review the reconciliations and monitor delinquencies. Delinquent accounts should not be written off without City Council approval.

G. City Council Meeting Minutes – Chapter 21 of the *Code of Iowa* requires minutes to be kept of all meetings of governmental bodies. During our review of meeting minutes, we determined:

- Minutes were not signed by the City Clerk as required by section 380.7(4) of the *Code of Iowa*. In addition, they did not include the signature of the Mayor or a City Council member to authenticate the record.
- Not all disbursements were presented to the City Council for approval.
- The minutes did not include financial reports filed by the City Clerk.
- The City Council entered closed session in April 2017 without citing the specific reason or obtaining an affirmative roll call of two-thirds of the City Council.

Recommendation – City officials should implement procedures to ensure the City Clerk and the Mayor or a City Council member sign all meeting minutes. In addition, the minutes should be reviewed in a timely manner so any errors can be identified and corrected. The City Council should also ensure all City obligations are presented to the

City Council for approval prior to payment and financial reports the City Clerk presents to the City Council are filed with the related minutes.

The City Council should also ensure compliance with all applicable sections of the *Code of Iowa*.

- H. Utility Sales Tax – The City bills for electric, water, sewer, and garbage services provided to customers. City employees read the meters and the City Clerk manually inputs the information to calculate customers' monthly utility bills based on the established utility rates, as well as State and local sales tax.

For the 24 utility billings reviewed, the State and local sales tax were not properly applied, resulting in underbillings for 2 local businesses totaling \$177.35. As a result of these incorrect State and local sales tax calculations, the City did not collect or remit the appropriate amount to the Iowa Department of Revenue. Because sufficient utility records could not be located, we are unable to determine the number of utility accounts or the number of months for which State and local sales taxes were not properly calculated.

Recommendation – The City should consult with legal counsel and a representative of the Iowa Department of Revenue to determine resolution of the underbillings identified. In addition, the City Council should implement procedures to ensure sales tax is properly applied and calculated to customers' utility accounts.

- I. City Council Oversight – The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

Based on our observations and the procedures we performed, we determined the City Council failed to exercise proper fiduciary oversight. The lack of appropriate oversight and the failure to ensure implementation of adequate internal controls permitted an employee to exercise too much control over the operations of the City.

Recommendation – Oversight by City officials is essential and should be an ongoing effort. City officials should exercise due care and review all pertinent information. City officials should also ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

Exhibits

Report on Special Investigation of the
City of Westfield

Summary of Findings
For the Period January 1, 2013 through September 30, 2017

Description	Exhibit/Table/ Page Number	Improper	Unsupported	Total
Undeposited utility collections	Exhibit B/ Table 2	\$ 39,970.00	-	39,970.00
Improper and unsupported disbursements:				
Payments to or for Angela Sorensen:				
Unauthorized payments	Page 11	4,272.58	-	4,272.58
Excess gross salary	Exhibit C	11,733.70	-	11,733.70
City's share of FICA and IPERS	Exhibit C/ Page 12	1,945.45	-	1,945.45
Reimbursements	Table 3	657.45	248.95	906.40
Reimbursements issued to Terry Jolin	Table 4	-	166.12	166.12
Payments to vendors:				
City disbursements	Exhibit D	885.91	2,702.46	3,588.37
Playground and Ball Field disbursements	Exhibit E	5,447.21	2,725.93	8,173.14
Checks redeemed for cash and cash withdrawals	Table 5	3,118.00	320.00	3,438.00
Total improper and unsupported disbursements		28,060.30	6,163.46	34,223.76
Total		\$ 68,030.30	6,163.46	74,193.76

Report on Special Investigation of the
City of Westfield

Utility Cash Deposits
For the Period January 1, 2013 through September 30, 2017

Month	Per Deposit Slip		
	Cash	Check	Total
January 2013	\$ 1,026.99	10,048.65	11,075.64
February 2013	1,700.37	7,546.65	9,247.02
March 2013	1,364.50	7,108.29	8,472.79
April 2013	837.28	10,100.10	10,937.38
May 2013	685.61	11,647.50	12,333.11
Total for period prior to Angela Sorensen's employment	\$ 5,614.75	46,451.19	52,065.94
June 2013	\$ 314.02	7,263.51	7,577.53
July 2013	1,289.37	11,735.99	13,025.36
August 2013	1,300.00	10,096.27	11,396.27
September 2013	309.55	9,279.51	9,589.06
October 2013	2,003.63	9,801.74	11,805.37
November 2013	44.01	6,195.19	6,239.20
December 2013	1,244.68	9,337.16	10,581.84
January 2014	147.32	5,998.59	6,145.91
February 2014	870.22	15,230.32	16,100.54
March 2014	-	12,342.57	12,342.57
April 2014	-	8,537.07	8,537.07
May 2014	-	10,770.79	10,770.79
June 2014	-	12,852.82	12,852.82
July 2014	-	8,884.48	8,884.48
August 2014	-	5,988.63	5,988.63
September 2014	41.48	12,648.04	12,689.52
October 2014	446.94	8,393.54	8,840.48
November 2014	10.00	3,623.60	3,633.60
December 2014	216.41	12,182.45	12,398.86
January 2015	-	8,147.67	8,147.67
February 2015	119.88	14,872.79	14,992.67
March 2015	-	11,143.45	11,143.45
April 2015	-	9,342.54	9,342.54
May 2015	1,023.83	5,628.58	6,652.41
June 2015	1,229.10	10,306.35	11,535.45
July 2015	1,657.44	9,436.83	11,094.27

Report on Special Investigation of the
City of Westfield

Utility Cash Deposits
For the Period January 1, 2013 through September 30, 2017

Month	Per Deposit Slip		
	Cash	Check	Total
August 2015	2,340.89	8,097.54	10,438.43
September 2015	1,274.62	8,258.13	9,532.75
October 2015	2,674.80	8,983.12	11,657.92
November 2015	822.00	4,825.76	5,647.76
December 2015	65.30	8,622.27	8,687.57
January 2016	303.00	5,845.18	6,148.18
February 2016	100.00	8,334.63	8,434.63
March 2016	-	8,844.56	8,844.56
April 2016	-	11,078.27	11,078.27
May 2016	-	8,590.26	8,590.26
June 2016	-	7,672.53	7,672.53
July 2016	-	10,264.20	10,264.20
August 2016	-	11,762.90	11,762.90
September 2016	-	8,778.95	8,778.95
October 2016	-	4,244.01	4,244.01
November 2016	-	9,578.90	9,578.90
December 2016	-	9,544.35	9,544.35
January 2017	-	6,562.48	6,562.48
February 2017	-	16,511.58	16,511.58
March 2017	-	13,216.80	13,216.80
April 2017	1.00	4,054.22	4,055.22
May 2017	-	13,188.90	13,188.90
June 2017	-	8,271.14	8,271.14
July 2017	-	4,068.05	4,068.05
August 2017	303.00	10,821.84	11,124.84
Total for period of Angela Sorensen's employment	\$20,152.49	470,061.05	490,213.54
September 2017	\$ 1,111.38	7,964.63	9,076.01
October 2017	1,525.92	14,653.10	16,179.02
Total for period after Angela Sorensen's employment	\$ 2,637.30	22,617.73	25,255.03

Report on Special Investigation of the
City of Westfield

Excess Gross Wages Paid to Angela Sorensen
For the Period January 1, 2013 through September 30, 2017

Actual Payroll				Authorized Payroll**		
Date	Check Number	Pay Period	Gross Wages	Maximum Authorized Hours	Hourly Rate	Gross Wages
06/10/13	13540	05/25/13-05/31/13	195.00	24.0	\$13.00	312.00
06/30/13	13569	06/01/13-06/30/13	917.00	120.0	13.00	1,560.00
08/06/13	13594	07/01/13-07/31/13	1,157.00	132.0	13.00	1,716.00
08/06/13	13595	07/01/13-07/31/13	696.45	^	^	^
09/10/13	13619	08/01/13-08/31/13	1,085.50	132.0	13.00	1,716.00
10/01/13	16651	09/01/13-09/30/13	1,105.00	120.0	13.00	1,560.00
11/07/13	13662	10/01/13-10/31/13	1,222.00	138.0	13.00	1,794.00
12/02/13	13679	11/01/13-11/30/13	1,248.00	108.0	13.00	1,404.00
01/02/14	13701	12/01/13-12/31/13	1,150.50	126.0	13.00	1,638.00
02/01/14	13724	01/01/14-01/31/14	1,185.31	126.0	13.00	1,638.00
03/02/14	13742	02/01/14-02/28/14	1,263.48	120.0	13.00	1,560.00
04/07/14	13769	03/01/14-03/31/14	1,211.38	126.0	13.00	1,638.00
05/01/14	13779	04/01/14-04/30/14	1,341.63	132.0	13.00	1,716.00
06/05/14	13800	05/01/14-05/31/14	1,211.38	126.0	13.00	1,638.00
07/02/14	13823	06/01/14-06/30/14	1,256.97	126.0	13.00	1,638.00
08/04/14	13844	07/01/14-07/31/14	1,352.00	132.0	13.00	1,716.00
08/04/14	13865	08/01/14-08/31/14	1,365.00	126.0	13.00	1,638.00
10/01/14	13884	09/01/14-09/30/14	1,371.50	126.0	13.00	1,638.00
11/03/14	13913	10/01/14-10/31/14	1,365.00	138.0	13.00	1,794.00
12/05/14	13932	11/01/14-11/30/14	1,300.00	102.0	13.00	1,326.00
01/20/15	13949	12/01/14-12/31/14	1,378.00	132.0	13.00	1,716.00
02/05/15	13973	01/01/15-01/31/15	1,300.00	120.0	13.00	1,560.00
03/01/15	13984	02/01/15-02/28/15	1,365.00	120.0	13.00	1,560.00
04/03/15	14003	03/01/15-03/31/15	1,430.00	132.0	13.00	1,716.00
05/01/15	14021	04/01/15-04/30/15	1,560.00	132.0	13.00	1,716.00

[illegible]

Report on Special Investigation of the
City of Westfield

Excess Gross Wages Paid to Angela Sorensen
For the Period January 1, 2013 through September 30, 2017

Actual Payroll				Authorized Payroll**		
Date	Check Number	Pay Period	Gross Wages	Maximum Authorized Hours	Hourly Rate	Gross Wages
06/02/15	14037	05/01/15-05/31/15	1,495.00	120.0	13.00	1,560.00
07/02/15	14052	06/01/15-06/30/15	1,430.00	132.0	13.00	1,716.00
08/03/15	14074	07/01/15-07/31/15	1,560.00	132.0	13.00	1,716.00
09/01/15	14088	08/01/15-08/31/15	1,365.00	126.0	13.00	1,638.00
10/01/15	14049	09/01/15-09/30/15	1,430.00	126.0	13.00	1,638.00
11/01/15	14106	10/01/15-10/31/15	1,560.00	132.0	13.00	1,716.00
12/01/15	1015	11/01/15-11/30/15	1,807.00	108.0	13.00	1,404.00
12/31/15	1017	12/01/15-12/31/15	2,353.00	132.0	13.00	1,716.00
02/03/16	14307	01/01/16-01/31/16	2,275.00	114.0	13.00	1,482.00
03/07/16	14325	02/01/16-02/29/16	1,560.00	126.0	13.00	1,638.00
04/04/16	14339	03/01/16-03/31/16	2,340.00	138.0	13.00	1,794.00
05/03/16	14363	04/01/16-04/30/16	2,080.00	126.0	13.00	1,638.00
06/01/16	14373	05/01/16-05/31/16	2,990.00	126.0	13.00	1,638.00
06/24/16	14375	06/01/16-06/30/16	2,405.00	132.0	13.00	1,716.00
08/02/16	14403	07/01/16-07/31/16	2,340.00	120.0	13.00	1,560.00
08/31/16	14421	08/01/16-08/31/16	2,340.00	138.0	13.00	1,794.00
09/30/16	14446	09/01/16-09/30/16	2,340.00	126.0	13.00	1,638.00
11/01/16	14467	10/01/16-10/31/16	2,340.00	126.0	13.00	1,638.00
12/02/16	14472	11/01/16-11/30/16	2,340.00	114.0	13.00	1,482.00
01/03/17	14489	12/01/16-12/31/16	2,340.00	126.0	13.00	1,638.00
02/01/17	14497	01/01/17-01/31/17	2,340.00	120.0	15.00	1,800.00
03/02/17	14522	02/01/17-02/28/17	2,340.00	120.0	15.00	1,800.00
03/31/17	14541	03/01/17-03/31/17	2,325.00	138.0	15.00	2,070.00
05/01/17	14550	04/01/17-04/30/17	2,505.00	120.0	15.00	1,800.00
06/01/17	14567	05/01/17-05/31/17	2,257.50	132.0	15.00	1,980.00

Gross Wages	Improper City's Share of:	
	FICA	IPERS
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
403.00	30.83	35.99
637.00	48.73	56.88
793.00	60.66	70.82
-	-	-
546.00	41.77	48.76
442.00	33.81	39.47
1,352.00	103.43	120.73
689.00	52.71	61.53
780.00	59.67	69.65
546.00	41.77	48.76
702.00	53.70	62.69
702.00	53.70	62.69
858.00	65.64	76.62
702.00	53.70	62.69
540.00	41.31	48.22
540.00	41.31	48.22
255.00	19.51	22.77
705.00	53.93	62.96
277.50	21.23	24.78

Report on Special Investigation of the
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Excess Gross Wages Paid to Angela Sorensen
For the Period January 1, 2013 through September 30, 2017

Actual Payroll				Authorized Payroll**		
Date	Check Number	Pay Period	Gross Wages	Maximum Authorized Hours	Hourly Rate	Gross Wages
06/29/17	14598	06/01/17-06/30/17	1,776.75	110.0	15.00	1,650.00
08/07/17	14602	07/01/17-07/31/17	1,057.50	100.0	15.00	1,500.00
Total			<u>\$85,324.85</u>			<u>\$83,268.00</u>

** - Because timesheets were not readily available, we calculated Ms. Sorensen's authorized gross wages based on her approved hourly rate and the maximum number of hours she was authorized to work each month. In addition, we did not net any calculated underpayments against the improper gross wages because Ms. Sorensen may have worked fewer hours during those months.

^ - Checks #13594 and #13595 were issued the same day; however, each check amount individually is significantly less than Ms. Sorensen's authorized gross wages. As a result, it appears both checks are for wages. We compared the sum of the 2 checks to the gross authorized wages to determine the improper amount.

Gross Wages	Improper City's Share of:	
	FICA	IPERS
126.75	9.70	11.32
-	-	-
11,733.70	897.63	1,047.82

Report on Special Investigation of the
City of Westfield

City Disbursements
For the Period January 1, 2013 through September 30, 2017

Per Bank Statement

Date	Check Number	Payee	Amount
05/30/13	13425	Hyvee	\$ 100.00
09/04/13	13604	Staples	134.76
10/16/13	1001	Best Buy	205.42
10/17/13	13658	Wal-Mart Stores	68.11
11/19/13	#	STAPLES, INC SIOUX CITY IA	48.14
12/27/13	#	WAL-MART #1625 LE MARS IA	30.51
03/04/14	#	STAPLES, INC SIOUX CITY IA	128.38
04/14/14	#	HAMPTON INN DES MOINES DES MOINES IA	282.24
06/05/14	#	STAPLES 00119222 SIOUX CITY IA	67.68
08/13/14	#	WAL-MART SUPER CENTER VERMILLION SD	34.26
08/18/14	#	WAL-MART SUPER CENTER SIOUX CITY IA	336.68
10/01/14	#	WM SUPERCENTER # LE MARS IA	37.29
06/10/15	#	THE HOME DEPOT 2114 SIOUX CITY IA	92.44
07/20/15	#	STAPLES, INC SIOUX CITY IA	199.17
08/07/15	#	SAMSClub #6432 SIOUX CITY IA	299.00
09/22/15	#	SAMS CLUB #6432 SIOUX CITY IA	115.80
11/27/15	#	BEST BUY 00007922 SIOUX CITY IA	398.00
11/30/15	#	WM SUPERC WAL-MART SUP VERMILLION SD	86.60
12/08/15	#	SAMS CLUB #8165 SIOUX FALLS SD	71.15
12/16/15	#	WM SUPERC WAL-MART SUP VERMILLION SD	136.01
12/21/15	#	SAMS CLUB #6432 SIOUX CITY IA	141.84
04/22/16	#	THE HOME DEPOT 4301 SIOUX FALLS SD	141.99
04/25/16	#	THE HOME DEPOT 2114 SIOUX CITY IA	103.66
05/13/16	#	WM SUPERCENTER # LE MARS IA	242.89

Improper	Unsupported	Reasonable	Description of Improper and/or Unsupported Disbursement
100.00	-	-	None
-	134.76	-	None
-	205.42	-	None
-	68.11	-	None
-	48.14	-	None
-	30.51	-	None
-	128.38	-	None
-	282.24	-	None
-	67.68	-	None
-	34.26	-	None
-	336.68	-	None
-	37.29	-	None
-	92.44	-	None
-	199.17	-	None
299.00	-	-	Samsung TV
115.80	-	-	Chips, deli meat, hot dogs, and hot dog buns
-	398.00	-	None
4.90	-	81.70	Sales tax
26.19	-	44.96	Membership upgrade and sales tax
7.70	-	128.31	Sales tax
141.84	-	-	Rotisserie chicken, lobster rangoon, PopSockets cell phone accessory, moisturizer, dinner rolls, a London Fog jacket, a crock-pot, and sales tax
-	141.99	-	None
-	103.66	-	None
15.89	-	227.00	Sales tax

Report on Special Investigation of the
City of Westfield

City Disbursements
For the Period January 1, 2013 through September 30, 2017

Per Bank Statement

Date	Check Number	Payee	Amount
05/23/16	#	SAMS CLUB S CLUB SIOUX FALLS SD	106.00
05/26/16	#	OFFICE MA 1505 WEST 41 SIOUX FALLS SD	81.59
05/27/16	#	WM SUPERCENTER # LE MARS IA	81.71
08/29/16	#	WAL-MART SUPER CENTER SIOUX CITY IA	103.62
11/25/16	#	WM SUPERCENTER # LE MARS IA	116.31
11/28/16	#	BEST BUY 00007963 WEST DES MOINIA	79.99
01/03/17	#	SPK*SPOKEO SEARCH 800-6994264 CA	0.95
01/23/17	#	WM SUPERC WAL-MART SUP VERMILLION SD	95.68
01/23/17	#	WM SUPERCENTER # LE MARS IA	57.74
02/01/17	#	SPK*SPOKEO SEARCH 800-6994264 CA	9.85
02/22/17	#	WM SUPERCENTER # LE MARS IA	96.72
03/06/17	#	WM SUPERC WAL-MART SUP VERMILLION SD	102.18
03/21/17	#	WAL-MART SUPER CENTER VERMILLION SD	118.66
Total			<u>\$ 4,553.02</u>

- Represents a debit card transaction.

Improper	Unsupported	Reasonable	Description of Improper and/or Unsupported Disbursement
106.00	-	-	Membership renewal and sales tax
-	81.59	-	<i>None</i>
5.35	76.36	-	Flowers and sales tax
6.78	-	96.84	Sales tax
7.61	108.70	-	Cleaning supplies and sales tax
-	79.99	-	<i>None</i>
0.95	-	-	On-line search engine
5.84	-	89.84	Sales tax
3.78	-	53.96	Sales tax
9.85	-	-	On-line search engine
11.47	-	85.25	Candy bars and sales tax
6.24	-	95.94	Sales tax
10.72	47.09	60.85	Cork tiles, chrome tissue holder, wood stain, 12- quart dishpan, storage bins, decorative baskets, paper towel holder, and sales tax
885.91	2,702.46	964.65	

Report on Special Investigation of the
City of Westfield

Ball Field Disbursements
For the Period January 1, 2013 through September 30, 2017

Per Bank Statement

Date	Check Number	Payee	Amount	Improper
08/21/14	#	WAL-MART SUPER CENTER VERMILLION SD	\$ 100.93	100.93
08/22/14	#	WAL-MART #3734 VERMILLION SD	42.31	42.31
09/08/14	#	SHOPKO SIOUX CITY IA	96.15	96.15
10/02/14	#	CORK IT LLC LEMARS IA	21.43	21.43
10/02/14	#	PARTY CITY SIOUX CITY IA	57.12	57.12
10/20/14	#	HY VEE 1610 SIOUX CITY IA	135.79	135.79
11/13/14	2005	WAL-MART STORES	179.76	179.76
03/28/15	2007	Poppin Bottles & Brushes	656.25	656.25
03/30/15	#	WAL-MART SUPER CENTER LE MARS IA	24.03	0.15
04/24/15	#	BOMGAARS # 1 SC HAMILTON SIOUX CITY IA	147.62	-
04/27/15	#	STAN HOUSTON EQUIPMENT SIOUX CITY IA	126.59	-
04/28/15	#	MARSHALLS SIOUX CITY IA	85.57	85.57
04/29/15	#	VZWRLSS*IVR VN 800-922-0204 NJ	271.93	271.93
04/29/15	#	WIRELESSWORLD VERIZON SIOUX CITY IA	262.84	262.84
05/18/15	#	COACH GRETN A NE	707.28	707.28
05/20/15	#	SAMS CLUB #6432 SIOUX CITY IA	45.00	45.00
05/20/15	#	SAMS CLUB #6432 SIOUX CITY IA	321.31	164.77
05/20/15	#	WAL-MART #3590 SIOUX CITY IA	21.34	1.40
05/21/15	#	SAMS CLUB #6432 SIOUX CITY IA	40.00	40.00
06/01/15	#	SAMS CLUB #6432 SIOUX CITY IA	181.12	-
06/05/15	#	SAMS CLUB #6432 SIOUX CITY IA	479.31	-
06/08/15	#	ATM/DEBIT CARD Temporary Limit Raise Fee	5.00	5.00
06/10/15	#	CAROLAN RENTAL & FUN SIOUX FALLS SD	1,610.87	-

Unsupported	Reasonable	Description of Improper and/or Unsupported Disbursement
-	-	None
-	-	None
-	-	None
-	-	None
-	-	None
-	-	None
-	-	None
-	-	None
23.88	-	Snacks, water, tableware, and sales tax
147.62	-	None
126.59	-	None
-	-	None
-	-	None
-	-	None
-	-	None
-	-	Membership
156.54	-	Candy, napkins, Claritin, iTunes gift card, and pistachios
	19.94	Sales tax
-	-	Unleaded gasoline
181.12	-	Soda, Gatorade, water, Capri Sun, popcorn, condiments, disinfectant wipes, sunflower seeds, and hot dogs
479.31	-	Soda, Gatorade, water, napkins, hot dogs, trash bags, sunflower seeds, and a first aid kit
-	-	Bank fee
1,610.87	-	None

Report on Special Investigation of the
City of Westfield

Ball Field Disbursements
For the Period January 1, 2013 through September 30, 2017

Per Bank Statement				
Date	Check Number	Payee	Amount	Improper
08/03/15	#	BEST BUY 00007922 SIOUX CITY IA	160.49	160.49
08/04/15	#	MICHAELS STORES 5804 SIOUX CITY IA	55.91	55.91
08/07/15	#	SAMS CLUB #6432 SIOUX CITY IA	339.44	339.44
09/01/15	#	HY VEE 1820 VERMILLION SD	140.58	140.58
09/21/15	#	WM SUPERCENTER # LE MARS IA	159.45	159.45
11/17/15	#	WM SUPERCENTER # LE MARS IA	532.86	532.86
12/16/15	#	WM SUPERC WAL-MART SUP VERMILLION SD	153.39	153.39
06/06/16	#	WIRELESSWORLD VERIZON SIOUX CITY IA	156.47	156.47
06/06/16	#	WIRELESSWORLD VERIZON SIOUX CITY IA	185.94	185.94
11/28/16	#	JARED-GALLERIA #2417 WDM IA	689.00	689.00
Total			<u>\$8,193.08</u>	<u>5,447.21</u>

- Represents a debit card transaction.


Unsupported	Reasonable	Description of Improper and/or Unsupported Disbursement
-	-	None
-	-	None
-	-	Mangos, popcorn, candy, pistachios, wireless mouse, and a laptop
-	-	None
-	-	Poster board, sharpies, winter emergency kit, chocolate syrup, soda, chips, iTunes gift card multi-pack, auto safety kit, dairy creamer, and 50-inch television and sales tax
-	-	Moisturizer, snow brush, cough drops, makeup, blanket, body and face wash, women's pants, knit scarf, and a small desk
-	-	None
-	-	None
-	-	None
2,725.93	19.94	

Report on Special Investigation of the
City of Westfield

Staff

This special investigation was performed by:

Jennifer Campbell, CPA, Manager
Ryan T. Jelsma, Senior Auditor II
Christopher M. Anderson, Staff Auditor
Cole J. Hanley, Assistant Auditor


Annette K. Campbell, CPA
Deputy Auditor of State